



U.S. Consumer Product Safety Commission OFFICE OF INSPECTOR GENERAL



Evaluation of the CPSC's Compliance with the Payment Integrity Information Act for Fiscal Year 2023

May 9, 2024

24-A-03



VISION STATEMENT

We are agents of positive change striving for continuous improvements in our agency's management and program operations, as well as within the Office of Inspector General.

STATEMENT OF PRINCIPLES

We will:

Work with the Commission and the Congress to improve program management.

Maximize the positive impact and ensure the independence and objectivity of our audits, investigations, and other reviews.

Use our investigations and other reviews to increase government integrity and recommend improved systems to prevent fraud, waste, and abuse.

Be innovative, question existing procedures, and suggest improvements.

Build relationships with program managers based on a shared commitment to improving program operations and effectiveness.

Strive to continually improve the quality and usefulness of our products.

Work together to address government-wide issues.



May 9, 2024

TO: Alexander Hoehn-Saric, Chairman
Peter A. Feldman, Commissioner
Richard L. Trumka Jr., Commissioner
Mary T. Boyle, Commissioner
Douglas Dziak, Commissioner

FROM: Christopher W. Dentel, Inspector General

SUBJECT: Report on the Evaluation of the CPSC's Compliance with the PIIA for FY 2023

The objective of this evaluation was to determine whether the U.S. Consumer Product Safety Commission (CPSC) was in compliance with the Payment Integrity Information Act of 2019 (PIIA) for the fiscal year (FY) ended September 30, 2023. The Office of Inspector General retained the services of KPMG, an independent public accounting firm, to evaluate the CPSC's FY 2023 PIIA compliance. This evaluation was performed in accordance with the Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Overall, KPMG found that for FY 2023, the CPSC did not comply with the PIIA. In accordance with the Office of Management and Budget, all elements must be complied with to result in overall compliance. The CPSC did not comply with criteria 1 of the PIIA. The CPSC did not submit required material to the Office of Management and Budget by the deadline for publication in PaymentAccuracy.gov. Management concurred with KPMG's findings.

In connection with our contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review was not intended to enable us to express, and we do not express, an opinion on the matters contained in the report. KPMG is responsible for the attached report. However, our review disclosed no instances where KPMG did not comply, in all material respects, with Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Should you have any questions, please contact me.

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KPMG LLP
Suite 12000
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EVALUATION REPORT

Inspector General
U.S. Consumer Product Safety Commission

This report presents the results of our work conducted to address the evaluation objective related to the United States Consumer Product Safety Commission's (CPSC) compliance with the requirements contained in the Payment Integrity Information Act of 2019 (PIIA). Our work was primarily performed during the period of January 30, 2024, through April 1, 2024, and our scope period was for the fiscal year (FY) ended September 30, 2023.

We conducted this evaluation in accordance with Council of the Inspectors General on Integrity and Efficiency's 2020 *Quality Standards for Inspection and Evaluation*. These standards require that we base report findings, conclusions, and recommendations on the evidence collected and the analysis conducted during the inspection. Reports must include enough information to allow a reasonable person to sustain findings, conclusions, and recommendations. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our evaluation objective.

The objective of our evaluation was to evaluate the CPSC's compliance with the requirements of the PIIA as defined in Title 31 of the United States Code, section 3351.2. This included determining whether the CPSC:

- (1) Published improper payments information with the annual financial statement of the CPSC for the most recent fiscal year, and posted on the website of the CPSC that statement and any accompanying materials required under guidance of the Office of Management and Budget (OMB);
- (2) Conducted a program-specific risk assessment for each program or activity that conforms with the requirements of section 3352(a) (if required);
- (3) Published improper payment estimates for all programs and activities identified under section 3352(a) in the accompanying materials to the annual financial statement (if required);
- (4) Published programmatic corrective action plans prepared under section 3352(d) that the CPSC may have in the accompanying materials to the annual financial statement;



- (5) Published improper payments reduction targets established under section 3352(d) that the CPSC may have in the accompanying materials to the financial statement for each program or activity assessed to be at risk, and has demonstrated improvements and developed a plan to meet the reduction targets; and
- (6) Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).

Based on the evaluation procedures conducted and the results obtained, we have met our objective. Specifically, we evaluated the CPSC’s compliance with the PIIA and determined the following:

Table 1: PIIA Criteria

	Office of Management and Budget Compliance Criteria	Criteria Met?	
		Payroll Program	Non-Payroll Program
1	Published Payment Integrity information with the annual financial statement.	YES	YES
	Posted the annual financial statement and accompanying materials required under guidance of OMB on the agency website	NO	NO
2	Conducted improper payment risk assessments for each program with annual outlays greater than \$10,000,000 at least once in the last three years	YES	YES
	Adequately concluded whether the program is likely to make improper payments (IPs) and unknown payments (UPs) above or below the statutory threshold	YES	YES
3	Published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement	N/A	N/A
4	Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A	N/A
5	Published an IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	N/A	N/A
	Demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	N/A	N/A
	Developed a plan to meet the IP and UP reduction target	N/A	N/A
6	Reported an IP and UP estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement	N/A	N/A

We noted the CPSC did not meet requirement one, as the accompanying materials were not submitted to the OMB in time to meet the deadline established in the OMB Annual Data Call for publication on PaymentAccuracy.gov. We further noted that requirements three through six were not applicable to the CPSC for FY 2023 as the CPSC did not identify any programs that were susceptible to significant improper payments as defined by OMB guidance.



This evaluation did not constitute an audit of financial statements, an attestation level report, or a performance audit, as defined under *Government Auditing Standards* or American Institute of Certified Public Accountants professional standards. KPMG cautions that projecting the results of our evaluation to future periods is subject to the risks that controls may become inadequate because of changes in conditions or because compliance with controls may deteriorate. This report is intended solely for the use of the CPSC management, CPSC Inspector General, Comptroller General of the United States, OMB, and relevant congressional committees; and is not intended to be and should not be relied upon by anyone other than these specified parties.

KPMG LLP

April 30, 2024

BACKGROUND

The Payment Integrity Information Act of 2019 (Public Law 116-117) aims to improve efforts to identify and reduce government-wide improper payments. Agencies are required to identify and review all programs and activities they administer that may be susceptible to significant improper payments based on guidance provided by the Office of Management and Budget (OMB). Payment integrity information is published with the agency's annual financial statement in accordance with payment integrity guidance in OMB Circular A-136. The agency must also publish any applicable payment integrity information required in the accompanying materials to the annual financial statement in accordance with applicable guidance. The most common accompanying materials to the annual financial statement are the payment integrity information published on [PaymentAccuracy.gov](https://www.paymentaccuracy.gov). OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, (OMB Appendix C) states "At a minimum, all agencies will provide OMB with data related to the status of their improper payment risk assessments, their identification and recovery of overpayments, and other agency-wide reporting requirements applicable to agencies with programs... ." Agency's Inspectors General are to review payment integrity reporting for compliance and issue an annual report.

The United States Consumer Product Safety Commission has an established agency-wide risk assessment process to assess its programs with outlays over \$10 million for susceptibility to significant improper payments. The CPSC assesses its programs annually to ensure each program is compliant with the OMB requirement for assessment at least once every three years. The CPSC's policies define significant improper payments as gross annual payments exceeding: (1) both 1.5 percent and \$10 million of all program payments; or (2) \$100 million regardless of percentage of program payments, which is consistent with the relevant OMB guidance.

The CPSC identified two programs for its fiscal year (FY) 2023 improper payment reporting: Payroll and Non-payroll. The Payroll program encompasses all activities that are related to payments of employee compensation, including benefits. These payments are processed by the CPSC's payroll shared service provider the Interior Business Center which operates the Federal Personnel and Payroll System. The payroll is calculated based on applicable payroll information and personnel timesheets submitted by the CPSC's employees. The Non-payroll program encompasses all other payments that are approved by the CPSC personnel using the Bureau of Fiscal Service Invoice Processing Platform system. These payments are based on invoices submitted by the CPSC's vendors and contractors for goods and services provided to the CPSC. The Payroll and Non-payroll program outlays for FY 2023 was \$99.5 million and \$52.6 million, respectively. Based on the CPSC's FY 2023 risk assessment process, both programs were assessed as not susceptible to significant improper payments.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The objective of our evaluation was to evaluate the CPSC's compliance with the requirements of the PIIA as defined in Chapter 33 of Title 31, United States Code, section 3351.2. This included determining whether the CPSC:

1. Published improper payments information with the annual financial statement of the CPSC for the most recent fiscal year, and posted on the website of the CPSC that statement and any accompanying materials required under guidance of OMB;
2. Conducted a program-specific risk assessment for each program or activity that conforms with the requirements of section 3352(a) (if required);
3. Published improper payment estimates for all programs and activities identified under section 3352(a) in the accompanying materials to the annual financial statement (if required);
4. Published programmatic corrective action plans prepared under section 3352(d) that the CPSC may have in the accompanying materials to the annual financial statement;
5. Published improper payments reduction targets established under section 3352(d) that the CPSC may have in the accompanying materials to the financial statement for each program or activity assessed to be at risk, and has demonstrated improvements and developed a plan to meet the reduction targets; and
6. Reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).

Scope and Methodology

The scope of our evaluation was the CPSC's FY 2023 improper payment reporting data required under guidance of the OMB.

During our planning and testing phase, we conducted interviews, collected and inspected management-provided documentation and evidence. A summary of the procedures we performed is as follows:

- Obtained an understanding of the CPSC's improper payments reporting process and associated controls through inquiries with management;

- Reviewed the CPSC’s policies and procedures over the PIIA reporting process;
- Reviewed management’s risk assessment for all identified programs;
- Reviewed the payment integrity section of the CPSC’s FY 2023 financial statement;
- Reviewed the information on PaymentAccuracy.gov; and
- Reviewed any OMB waivers, exemptions, or communications for improper payments reporting, if applicable.

In carrying out this methodology, we obtained sufficient, appropriate evidence to provide a reasonable basis for our conclusions related to our evaluation objective.

RESULTS AND CONCLUSIONS

Based on our evaluation procedures performed, we determined that the CPSC met one of two of the applicable compliance requirements of the PIIA. The remaining compliance requirements were not applicable as no programs were deemed susceptible by the CPSC to improper payments in FY 2023. See below for additional details of our results.

- Requirement 1 – Determine if the CPSC published improper payments information with the annual financial statement of the CPSC for the most recent fiscal year, and posted on the website of the CPSC that statement and any accompanying materials required under guidance of OMB.

The CPSC published its Agency Financial Report (AFR) for FY 2023 on February 2, 2024, and posted the AFR on its public-facing website.¹ The AFR included a Payment Integrity section with a link to PaymentAccuracy.gov for the accompanying materials required under guidance of OMB Appendix C. However, the CPSC did not meet the deadline to submit the accompanying materials, as required under guidance of OMB Appendix C. As such, there was no CPSC information for OMB to publish on PaymentAccuracy.gov for FY 2023. Consequently, the CPSC did not meet this requirement.

- Requirement 2 – Determine if the CPSC conducted a program-specific risk assessment for each program or activity that conforms with the requirements of section 3352(a).

The CPSC conducted a risk assessment in FY 2023 based on the requirements in the applicable guidance issued by OMB. The CPSC identified the Payroll and Non-payroll programs as not susceptible to improper payments in FY 2023.

¹ Agency Financial Reports are available at: <https://www.cpsc.gov/About-CPSC/Agency-Reports>

- Requirement 3 – Determine if the CPSC published improper payment estimates for all programs and activities identified under section 3352(a) in the accompanying materials to the annual financial statement.

The CPSC did not publish an improper payment rate as it did not assess its programs as susceptible to improper payments for FY 2023. Therefore, this criterion was not applicable to the CPSC in FY 2023.

- Requirement 4 – Determine if the CPSC published programmatic corrective action plans prepared under section 3352(d) that the CPSC may have in the accompanying materials to the annual financial statements.

The CPSC did not report corrective actions plans for either of its programs as they were not deemed susceptible to improper payments in FY 2023. Therefore, this criterion was not applicable to the CPSC in FY 2023.

- Requirement 5 – Determine if the CPSC published improper payments reduction targets established under section 3352(d) that the CPSC may have in the accompanying materials to the financial statements for each program or activity assessed to be at risk and has demonstrated improvements and developed a plan to meet the reduction targets.

The CPSC did not publish a FY 2023 improper and unknown payment reduction targets as neither of its programs were deemed susceptible to improper payments in FY 2023. Therefore, this criterion was not applicable to the CPSC in FY 2023.

- Requirement 6 – Determine if the CPSC reported an improper payment rate of less than 10 percent for each program and activity for which an estimate was published under section 3352(c).

The CPSC did not report an improper payment rate for its programs as neither were deemed susceptible to improper payments for FY 2023. Therefore, this criterion was not applicable to the CPSC in FY 2023.

FINDINGS AND RECOMMENDATIONS

Our FY 2023 evaluation identified one finding, which is presented below. We discussed the finding with management and received their response, which is included in the appendix of this report.

Finding No. 2023-01: Failure to Submit OMB Data Call Timely

Condition

The CPSC did not submit the FY 2023 payment integrity information, to be published on PaymentAccuracy.gov, in time to meet the deadline established by the Office of Management and Budget's (OMB) Annual Data Call.

Criteria

The Payment Integrity Information Act of 2019 (Public Law No: 116-17) § 3351.

Definitions, states:

The term “compliance” means that an executive agency –

(2)(A) Has –

- ii. Posted on the website of the executive agency that statement and any accompanying materials required under guidance of the Office of Management and Budget

OMB Circular A-136, II.4.5. Payment Integrity Information Act Reporting, states:

Each Executive Branch agency must complete the Annual Data Call issued by OMB and provide a link to PaymentAccuracy.gov in their AFR or PAR. The Data Call helps to fulfill reporting requirements under the Payment Integrity Information Act of 2019 (Pub. L. No. 116-117) and provides the public with comprehensive improper payment data and information on PaymentAccuracy.gov.

OMB Payment Integrity Annual Data Call Instructions, Page 3, states:

The Data Collection Tool will open toward the end of each fiscal year and will remain open for agencies and programs to enter their data until the end of October.

Cause

The CPSC management did not have sufficient payment integrity reporting policies and procedures, nor sufficient resources in place to ensure the required information for the OMB Annual Data Call was submitted before the October deadline.

Effect

The CPSC management was not in compliance with the first of six criteria of the Payment Integrity Information Act of 2019 that required the accompanying materials established under OMB guidance to be posted to PaymentAccuracy.gov for FY 2023.

Recommendation

We recommend that the CPSC management:

1. Assess the resource requirements necessary to ensure the timely submission of the required OMB information by the established deadline.
2. Develop policies, procedures, and checklists for the review and timely submission of the payment integrity information to OMB.

APPENDIX A: AGENCY'S RESPONSE TO THE REPORT



United States
Consumer Product Safety Commission

Memorandum

TO: Christopher W. Dentel
Office of Inspector General (OIG) **DATE:** April 30, 2024

FROM: James D. Baker
Chief Financial Officer **JAMES BAKER** Digitally signed by JAMES BAKER
Date: 2024.04.30 08:04:55 -04'00'

SUBJECT: Management Response to Independent Auditor's Draft Report

Management appreciates the work conducted by the OIG and its auditors in the Evaluation of the CPSC's Compliance with the Payment Integrity Information Act (PIIA) for FY 2023. The auditors determined that the CPSC did not meet one of the applicable requirements by not submitting the FY 2023 payment integrity data in PaymentAccuracy.gov by the OMB due date.

CPSC management acknowledges that one of the criteria was not fully met and has already remediated a portion of the finding. During the audit, CPSC engaged with OMB to have financial management personnel added to the appropriate OMB email distribution list that announces annual data calls, submission guidelines, and due dates.

As a final corrective action, CPSC will update internal policies and procedures to ensure annual financial reporting requirements and milestones are documented and ensure financial management staff are made aware and trained on the updates.

U.S. Consumer Product
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National Product Testing
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This memorandum was prepared by the CPSC staff. It has not been reviewed or approved by, and may not necessarily reflect the views of, the Commission.

APPENDIX B: ACRONYMS

Acronym	Definition
CPSC	United States Consumer Product Safety Commission
FY	Fiscal Year
IP	Improper Payment
OMB	Office of Management and Budget
PIIA	Payment Integrity Improvement Act of 2019
UP	Unknown Payment



For more information on this report please contact us at CPSC-OIG@cpsc.gov

To report fraud, waste, or abuse, mismanagement, or wrongdoing at the CPSC go to
OIG.CPSC.GOV or call (301) 504-7906

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